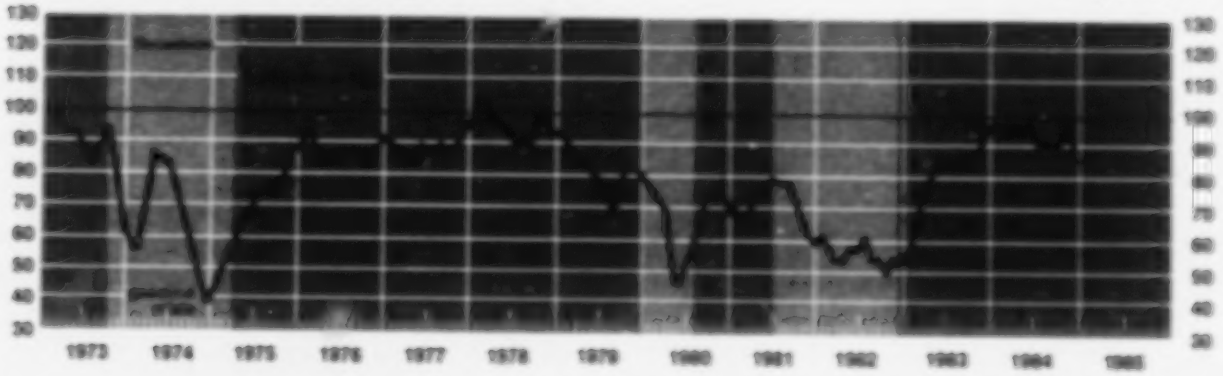
2/8/05 R4105-4 A

Consumer Attitudes and Buying Plans

A Monthly Report from The Conference Board
Based on a Survey Conducted by NFO Research, Inc.

Consumer Confidence Index



CONSUMER SPIRITS AND SPENDING PLAN DOWN,

The measure of consumer confidence, which registered a good gain in November, dropped sharply in December. The Board's Confidence Index (1969-70 = 100) now stands at 85.6, down over 11 points for the month. The present index reading is lower than it has been in over a year. Buying plans also weakened in December, but more moderately.

Consumers are now a good deal less positive in assessing the present situation than they were a month earlier. A higher proportion of respondents regard present business conditions as "bad", and more complain that jobs are "hard to get".

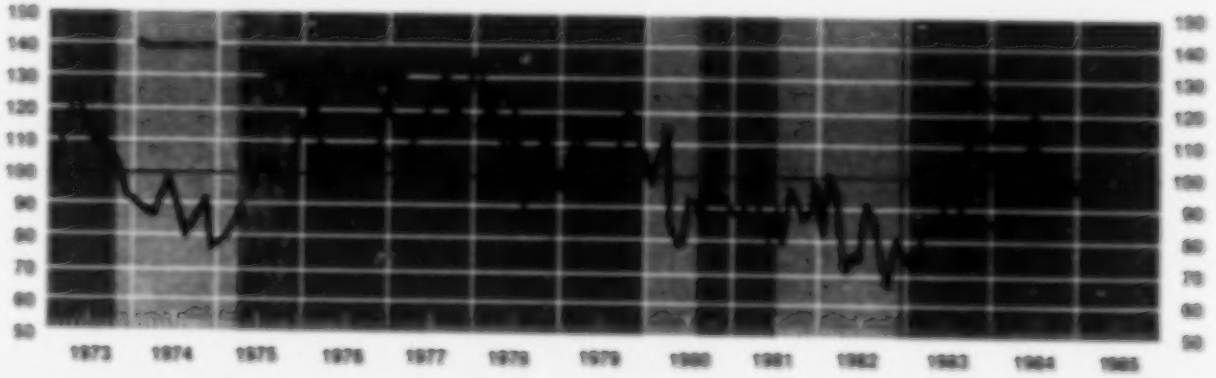
Consumers are now also a good deal less optimistic in their expectations for the next six months. Those who anticipate an improvement in business conditions have dropped to 20% of all respondents, down from 26% previously. Further, fewer persons than last time now believe that the employment situation will improve in the months ahead. And fewer persons, in assessing their own finances, expect that their incomes will rise in the coming months—27% down from a prior 31 percent.

Buying plans have also lost ground, but the declines were moderate. Now 8.0% of all respondents say they will buy a car in the next six months, down from 8.5% previously. Intentions to acquire a home slipped to 2.9% from an earlier 3.1%, while interest in major appliances is also slightly weaker.

With the reasonably good economic news of recent weeks, the sag in consumer spirits in December was certainly unexpected. However, the economic reports referred primarily to November, when the consumers' mood was also quite good. The drop in confidence in December suggests that there may be some very recent weakening in the economy that has not yet registered in the standard statistical reports. While to be sure a single month's reading is too scant to be conclusive, the relative sharpness of the decline in confidence is certainly disconcerting. At this moment, it does not seem unlikely that the economic news in the weeks ahead may well be less than reassuring.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

All series seasonally adjusted	1983 Dec.	1984 Jan.	Feb.	Mar.	Apr.	May	Jun.	July	Aug.	Sept.	Oct.	Nov.(r)	Dec.(p)
Composite Series: Index Numbers, 1969-1970 = 100													
Consumer Confidence Index	95.1	98.4	95.7	94.5	97.9	95.2	97.1	91.0	91.9	91.0	91.5	96.8	85.6
Present Situation	57.9	63.2	67.2	69.0	73.1	75.0	83.0	77.5	78.7	79.8	76.7	81.0	71.9
Expectations	119.9	121.9	114.6	111.5	114.4	108.6	106.5	100.0	100.6	98.4	101.3	107.3	94.7
Buying Plans Index	108.5	101.4	108.0	103.9	99.4	105.1	121.6	94.5	100.5	93.3	98.5	102.7	95.9
Appraisal of Present Situation: Percent													
Business Conditions													
Good	23.9	24.7	25.5	25.4	26.9	26.6	26.8	27.0	27.6	28.7	26.9	29.8	25.5
Bad	23.9	21.8	23.0	20.4	19.9	19.8	18.2	19.8	19.9	19.0	19.7	20.1	22.0
Normal	52.2	53.5	51.5	54.2	53.2	53.6	55.0	53.2	52.5	52.3	53.4	50.3	52.5
Employment													
Jobs plentiful	9.8	11.4	14.0	13.1	15.3	15.6	19.1	17.3	18.1	17.7	16.9	19.1	16.5
Jobs not so plentiful	51.2	50.4	49.6	51.9	48.9	51.2	50.7	49.9	49.0	49.3	49.9	47.8	48.4
Jobs hard to get	38.2	36.4	35.0	35.8	33.2	30.2	32.8	32.8	32.9	33.0	33.2	33.1	35.1
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	32.8	33.1	28.7	26.4	27.4	22.3	23.3	22.2	22.8	23.0	24.3	26.1	20.0
Worse	5.2	3.9	5.8	6.1	5.8	6.9	7.8	8.7	9.0	9.5	8.3	8.6	10.3
Same	62.0	63.0	65.5	67.5	66.8	70.8	69.1	69.1	68.2	67.5	67.4	65.3	69.7
Employment													
More jobs	25.9	25.7	21.4	20.6	20.2	17.8	17.1	16.5	16.7	16.2	18.5	19.2	16.3
Fewer jobs	10.6	10.6	11.9	12.1	11.4	12.2	13.3	15.8	15.2	16.0	16.8	13.7	17.3
Same	63.5	63.7	66.7	67.3	68.4	70.0	69.6	67.7	68.1	67.8	64.7	67.1	66.4
Income													
Increase	31.1	32.4	27.3	26.1	30.6	27.6	29.3	29.5	28.2	27.0	29.1	30.9	26.6
Decrease	7.7	7.3	6.3	7.2	6.8	6.2	6.1	7.6	7.5	7.5	8.6	6.8	7.9
Same	61.2	60.3	66.4	66.7	62.6	66.2	64.6	62.9	64.3	65.5	62.3	62.3	65.5
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	8.7	8.4	8.8	8.8	8.5	8.2	10.0	7.8	8.5	7.0	7.9	8.5	8.0
New	4.9	5.1	4.9	4.7	3.9	4.3	5.1	4.6	4.8	3.6	4.4	4.9	4.5
Used	3.3	2.5	3.4	3.0	3.0	3.2	3.3	2.5	2.8	2.3	2.6	2.7	2.6
Uncertain	0.5	0.8	0.5	1.1	1.6	0.7	1.6	0.7	0.9	1.1	0.7	0.9	0.9
Home													
Yes	3.6	3.4	3.8	3.3	3.1	3.7	3.8	3.0	3.3	3.4	3.3	3.1	2.9
New	1.2	1.0	0.9	0.8	0.9	1.0	1.3	1.0	0.9	1.1	1.1	1.0	1.2
Lived in	1.5	1.4	2.0	1.6	1.4	1.7	1.6	1.3	1.6	1.6	1.4	1.3	1.2
Uncertain	0.9	1.0	0.9	0.9	0.8	1.0	0.9	0.7	0.8	0.7	0.8	0.8	0.5
Major appliances													
Total plans	29.8	26.7	27.3	27.4	26.9	27.1	33.5	25.3	26.5	25.8	27.2	29.5	27.7
Refrigerator	3.7	3.2	3.6	3.6	3.7	3.9	5.0	4.1	4.0	4.1	3.5	4.5	4.2
Washing machine	3.6	3.4	4.0	3.8	3.2	3.6	4.0	2.8	3.4	3.3	3.3	3.9	4.0
Black and white TV	1.2	0.9	0.8	0.9	1.1	0.8	1.3	0.8	0.7	0.7	0.5	1.0	0.7
Color TV	8.2	7.8	7.0	7.5	7.7	7.0	8.4	6.1	7.7	7.0	7.5	7.8	7.0
Vacuum Cleaner	5.2	4.1	4.8	4.1	4.8	4.2	6.0	5.1	4.0	4.1	5.2	4.7	4.9
Range	2.7	2.6	2.6	2.9	2.3	2.4	3.0	2.3	2.6	2.9	2.3	2.9	2.5
Clothes dryer	3.3	2.6	2.9	2.6	2.7	3.2	3.3	2.7	3.0	2.5	3.4	3.2	2.9
Air conditioner	1.9	1.9	1.6	2.0	1.4	2.0	2.5	1.4	1.1	1.2	1.5	1.5	1.5
Carpet	7.4	6.5	7.3	7.2	5.9	6.8	8.5	6.2	6.9	6.3	8.9	7.4	7.0
Vacation Intended Within Six Months: Percent													
Vacation Intended	48.5		45.8		46.9		49.4		49.0		48.5		45.0
Destination													
Home state	10.3		8.8		8.7		9.9		9.5		10.5		7.2
Other state	33.4		32.0		32.8		34.9		33.7		33.6		31.7
Foreign country	6.5		6.2		7.6		6.7		7.5		6.3		6.7
Means of Travel													
Automobile	30.4		29.9		29.8		33.0		31.3		30.3		26.5
Airplane	17.9		15.4		18.6		17.6		17.3		17.3		17.9
Other	3.6		3.5		3.8		3.9		4.6		3.5		3.7

(p)—preliminary (r)—revised

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters at (212) 759-0900.